



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Order 2003-5-12

Issued by the Department of Transportation
on the 9th day of May, 2003

Essential Air Service at

**BURLINGTON, IOWA
CAPE GIRARDEAU, MISSOURI
FT. LEONARD WOOD, MISSOURI
KIRKSVILLE, MISSOURI
JACKSON, TENNESSEE
MARION, ILLINOIS
OWENSBORO, KENTUCKY
QUINCY, ILLINOIS**

Served: May 14, 2003

**DOCKET OST-2001-8731
DOCKET OST-1996-1559
DOCKET OST-1996-1167
DOCKET OST-1997-2515
DOCKET OST-2000-7857
DOCKET OST-2000-7881
DOCKET OST-2000-7855
DOCKET OST-2003-14492**

Under 49 U.S.C. 41731 *et seq.*

ORDER SETTING FINAL RATES

Summary

By this order we are setting short-term final subsidy rates for essential air service by Corporate Airlines, Inc., from the expiration of the most recent contracts at each community, until further Department action.

Discussion

As discussed in Order 2002-2-13, the Department authorized emergency EAS payments to all subsidized carriers because of the losses suffered by them in the face of generally lower revenue and higher costs after the terrorist attacks of September 11, 2001, combined with the fact that the EAS carriers are paid on a pre-agreed, fixed rate per flight. Recently, Order 2003-5-7, issued May 6, 2003, set final rates for seven of the above communities (all except Quincy) from October 1, 2001, until the respective ends of the various contracts. This Order sets final rates that go into effect at the expiration of those contracts, and will remain in effect until further Department action while we process the various carrier selection proceedings for all the communities.

At Quincy, Corporate filed a 90-day notice to terminate its unsubsidized service as of April 15, 2003. Because Corporate was the only carrier serving Quincy, we prohibited the carrier from suspending service and requested proposals from carriers interested in providing replacement service.¹ Under the program's governing statutes, Corporate automatically became eligible for compensation as a result of our hold-in action. We will here establish a final subsidy rate for its hold-in service from April 15 until we are able to secure replacement service. In that regard, we have received replacement proposals from Corporate and from Mesa Air Group, Inc., on behalf of its subsidiary, Air Midwest. We are now processing the carrier selection case.

The table below indicates the rates and dates of the compensation:

Community	Prospective Annual Rates	Order 2003-5-7 Annual Rates	Effective Date
Burlington, IA	\$999,412	\$1,137,614	8/1/03
Cape Girardeau, MO	\$990,694	\$750,788	5/26/02
Ft. Leonard Wood, MO	\$885,918	\$767,507	5/26/02
Kirksville, MO	\$968,249	\$894,785	12/6/02
Jackson, TN	\$1,156,325	\$1,287,478	5/1/03
Marion, IL	\$1,253,076	\$1,157,699	11/26/02
Quincy, IL	\$870,717	NA	4/15/03
Owensboro, KY	\$1,032,673	\$1,213,430	5/1/03

We have reviewed the carrier's proposals, and find these rates reasonable for the service provided.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Burlington, Iowa, as described in Appendix B-1, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$544.64;²

2. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Cape Girardeau, Missouri, as described in Appendix B-2, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$511.72;²

¹ See Order 2003-2-26, February 26, 2003.

² See Appendix B for calculation.

3. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Ft. Leonard Wood, Missouri, as described in Appendix B-3, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$482.79;²

4. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Jackson, Tennessee, as described in Appendix B-4, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$945.48;²

5. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Kirksville, Missouri, as described in Appendix B-5, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$791.70;²

6. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Marion, Illinois, as described in Appendix B-6, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$472.86;²

7. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Owensboro, Kentucky, as described in Appendix B-7, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$844.38;²

8. The Department sets the final subsidy rate for Corporate Airlines, Inc., for the provision of essential air service at Quincy, Illinois, as described in Appendix B-8, to be payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling and shall be determined by multiplying the subsidy-eligible flights completed during the month to St. Louis by \$449.75;²

9. These rates become effective with the expiration of the final rates set by Order 2003-5-7;

10. We direct Corporate to retain all books, records, and other source and summary documentation to support claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order; and

11. The Department will serve copies of this order on Corporate Airlines, Inc.

By:

READ C. VAN de WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>

CORPORATE AIRLINES, INC. – ANNUAL SUBSIDY CALCULATIONS

Appendix A

	Burlington	Cape Girardeau	Ft. Leonard Wood	Jackson	Kirksville	Marion	Owensboro	Quincy
Beginning of Rate	8/1/2003	5/26/2002	5/26/2002	5/1/2003	12/6/2002	5/1/2003	11/30/2002	4/15/2003
Weekly Round Trips	18	19	18	12	12	12	26	19
Turns	917	968	917	612	612	1,325	612	968
Block Hours 2/	1,835	1,581	1,590	1,631	1,243	2,208	1,427	1,549
Miles to Hub	146	113	119	231	149	100	187	94
Total Passengers	14,313	13,746	10,276	5,809	4,785	7,460	20,140	15,778
Average Fare	\$83.75	\$70.00	\$104.00	\$105.00	\$82.48	\$75.00	\$78.00	\$73.00
Pax. Revenue	\$1,198,714	\$962,220	\$1,068,704	\$609,945	\$394,667	\$1,510,500	\$581,880	\$1,151,794
Other Rev. @ .25%	<u>2,997</u>	<u>2,406</u>	<u>2,672</u>	<u>1,525</u>	<u>987</u>	<u>1,455</u>	<u>3,776</u>	<u>2,879</u>
Total Revenue	\$1,201,711	\$964,626	\$1,071,376	\$611,470	\$395,654	\$583,335	\$1,514,276	\$1,154,673
Crew \$162.59/hr.	\$298,353	\$257,055	\$258,518	\$265,184	\$202,099	\$232,016	\$358,999	\$251,852
Fuel @ \$155.12/hr.	284,645	245,245	246,641	253,001	192,814	221,356	342,505	240,281
Maint. @ \$213.83/hr.	392,378	338,065	339,990	348,757	265,791	305,135	472,137	331,223
A/C Lease @ \$101.15/hr.	185,610	159,918	160,829	164,976	125,729	144,341	223,339	156,681
Hull Ins. @ \$40.60/hr.	<u>74,501</u>	<u>64,189</u>	<u>64,554</u>	<u>66,219</u>	<u>50,466</u>	<u>57,936</u>	<u>89,645</u>	<u>62,889</u>
Total Directs	\$1,235,487	\$1,064,472	\$1,070,532	\$1,098,137	\$836,899	\$1,486,625	\$960,784	\$1,042,926
EAS Station	\$173,136	\$145,151	\$209,651	\$160,435	\$107,215	\$222,783	\$144,404	\$187,952
Hub Station @ \$159.83/turn	146,564	154,715	146,564	97,816	97,816	97,816	211,775	154,715
EAS Ldg. Fees	11,164	7,540	0	4,967	0	7,522	5,155	8,643
HubLdg Fees @ \$41.2/turn	37,780	39,882	37,780	25,214	25,214	25,214	54,590	39,882
Agent/Credit @ 2.75%	32,965	26,461	29,389	16,773	10,853	16,002	41,539	31,674
Ticketing @ \$8.05/pax.	115,220	110,655	82,722	46,762	38,519	60,053	162,127	127,013
Liab. Ins. @ \$7.52/pax.	107,634	103,370	77,276	43,684	35,983	56,099	151,453	118,651
G&A @ 12.28%	<u>228,402</u>	<u>202,896</u>	<u>203,101</u>	<u>183,437</u>	<u>141,527</u>	<u>167,687</u>	<u>287,157</u>	<u>210,167</u>
Total Indirects	\$852,865	\$790,670	\$786,483	\$579,088	\$457,127	\$572,430	\$1,138,946	\$878,697
Total Operating	\$2,088,352	\$1,855,142	\$1,857,015	\$1,677,225	\$1,294,026	\$2,625,571	\$1,533,214	\$1,921,623
Return @ 5%	104,418	92,757	92,851	83,861	64,701	131,279	76,661	96,081
Interest @ .4%	<u>8,353</u>	<u>7,421</u>	<u>7,428</u>	<u>6,709</u>	<u>5,176</u>	<u>10,502</u>	<u>6,133</u>	<u>7,686</u>
Total Econ. Costs	\$2,201,123	\$1,955,320	\$1,957,294	\$1,767,795	\$1,363,903	\$1,616,008	\$2,767,352	\$2,025,390
Annual Subsidy	\$999,412	\$990,694	\$885,918	\$1,156,325	\$968,249	\$1,253,076	\$1,032,673	\$870,717

1/ Rate would only become effective after new Department order, as this does not reflect the currently required service.

2/ Burlington: 18 r.t./week x 2 directions x 52 weeks x 60 min./flt.x 98% completion/60 = 1,835 blk. hrs.; 917 turns.

Cape Girardeau: 19 r.t./week x 2 directions x 52 weeks x 49 min./flt.x 98% completion/60 = 1,581 blk. hrs.; 968 turns.

Ft. Leonard Wood: 18 r.t./week x 2 directions x 52 weeks x 52 min./flt.x 98% completion/60 = 1,590 blk. hrs.; 917 turns.

Jackson: 12 r.t./week x 2 directions x 52 weeks x 80 min./flt.x 98% completion/60 = 1,631 blk. hrs.; 612 turns.

Kirksville: 12 r.t./week x 2 directions x 52 weeks x 61 min./flt.x 98% completion/60 = 1,243 blk. hrs.; 612 turns.

Owensboro: 12 r.t./week x 2 directions x 52 weeks x 70 min./flt.x 98% completion/60 = 1,427 blk. hrs.; 612 turns.

Marion: 19 r.t./week x 2 directions x 52 weeks x 50 min./flt.x 98% completion/60 = 1,614 blk. hrs.; 968 turns.

Marion: 26 r.t./week x 2 directions x 52 weeks x 50 min./flt.x 98% completion/60 = 2,208 blk. hrs.; 1,325 turns.

Quincy: 19 r.t./week x 2 directions x 52 weeks x 48 min./flt.x 98% completion/60 = 1,549 blk. hrs.; 968 turns.

Quincy: 26 r.t./week x 2 directions x 52 weeks x 48 min./flt.x 98% completion/60 = 2,120 blk. hrs.; 1,325 turns.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Burlington, Iowa, Docket 8731**

Effective Period: August 1, 2003, until further Department action.

Scheduled Service:

18 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$544.64 ¹

Weekly Compensation Ceiling: \$19,607.04 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$999,412 divided by 1,835 annual flights calculated as follows: 36 flights/week*52 weeks*.98 completion.

² 36 flights per week x \$544.64.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Cape Girardeau, Missouri, Docket 1559**

Effective Period: May 26, 2002, until further Department action.

Scheduled Service:

19 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$511.72 ¹

Weekly Compensation Ceiling: \$19,445.36 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$990,694 divided by 1,936 annual flights calculated as follows: 38 flights/week*52 weeks*.98 completion.

² 38 flights per week x \$511.72.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Ft. Leonard Wood, Missouri, Docket 1167**

Effective Period: May 26, 2002, until further Department action.

Scheduled Service:

18 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$482.79 ¹

Weekly Compensation Ceiling: \$17,380.44 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$885,918 divided by 1,835 annual flights calculated as follows: 36 flights/week*52 weeks*.98 completion.

² 36 flights per week x \$482.79.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Jackson, Tennessee, Docket 7857**

Effective Period: May 1, 2003, until further Department action.

Scheduled Service:

12 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$945.48 ¹

Weekly Compensation Ceiling: \$22,691.52 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,156,325 divided by 1,223 annual flights calculated as follows: 24 flights/week*52 weeks*.98 completion.

² 24 flights per week x \$945.48.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Kirksville, Missouri, Docket 2515**

Effective Period: December 6, 2002, until further Department action.

Scheduled Service:

12 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$791.70 ¹

Weekly Compensation Ceiling: \$19,000.80 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$968,249 divided by 1,223 annual flights calculated as follows: 24 flights/week*52 weeks*.98 completion.

² 24 flights per week x \$791.70.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Marion, Illinois, Docket 7881**

Effective Period: November 30, 2002, until further Department action

Scheduled Service:

26 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$472.86 ¹

Weekly Compensation Ceiling: \$24,588.72 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,253,076 divided by 2,650 annual flights calculated as follows: 52 flights/week*52 weeks*.98 completion.

² 52 flights per week x \$472.86.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Owensboro, Kentucky, Docket 7855**

Effective Period: May 1, 2003, until further Department action.

Scheduled Service:

12 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$844.38 ¹

Weekly Compensation Ceiling: \$20,265.12 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$1,032,673 divided by 1,223 annual flights calculated as follows: 24 flights/week*52 weeks*.98 completion.

² 24 flights per week x \$844.38.

**Corporate Airlines, Inc., Essential Air Service to be Provided to
Quincy, Illinois, Kentucky, Docket 14492**

Effective Period: April 15, 2003, until further Department action.

Scheduled Service:

19 nonstop stop round trips each week St. Louis.

Aircraft: 19-seat Jetstream 32

Subsidy Rate per St. Louis Flight: \$449.75 ¹

Weekly Compensation Ceiling: \$17,090.50 ²

Note:

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

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Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

¹ \$870,717 divided by 1,936 annual flights calculated as follows: 38 flights/week*52 weeks*.98 completion.

² 38 flights per week x \$449.75.